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Service

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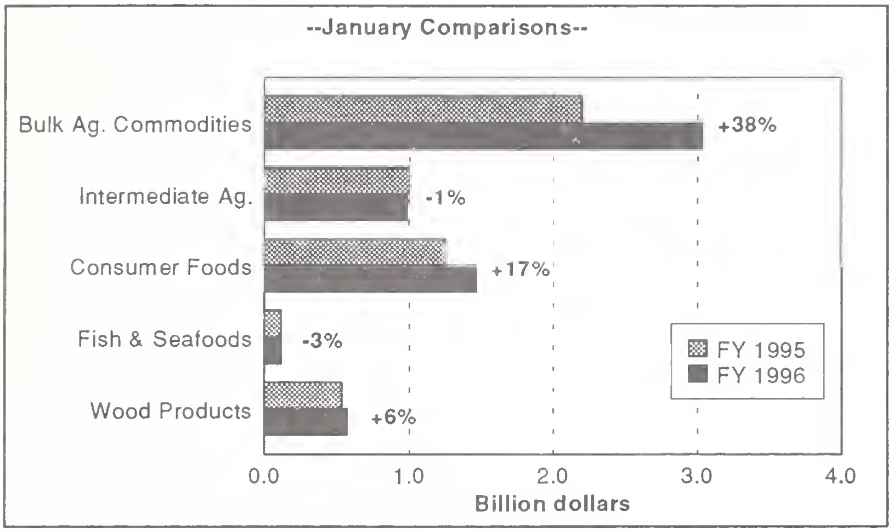
Agricultural Trade Highlights

Exports Rise 21% Percent in January



January trade statistics released by the Commerce Department placed the value of U.S. *agricultural, fish, and forest product* exports at $6.2 billion, a 21-percent increase over the January 1995 level. Agricultural exports alone totaled $5.5 billion, up 23 percent over year-ago levels. Fish and forest product exports totaled $693 million in January, up 5 percent from the same month last year.

January's shipments bring the four month year-to-date total for agricultural, fish, and forest product exports in fiscal year 1996 to $24.2 billion, 12 percent higher than the same period last year. Agricultural exports were the best performers, up 15 percent to $21.2 billion, and are on track to reach the Department's forecast of $60 billion by year's end. At $3 billion, exports of fish and forest products were down 3 percent when compared with the first four months of fiscal year 1995.

U.S. high-value consumer food exports have grown at an average annual rate of 16 percent since 1986. This year's disappointing sales pace largely reflects the adverse impact of the devaluation of the Mexican peso, because we are comparing the last few months leading up to the devaluation when consumer food exports to Mexico were booming with the first few months of fiscal year 1996. Further into fiscal year 1996, the picture will improve because all new months added to the year-to-date comparisons fall within the post-peso devaluation period, and consumer food exports to other regions continue to post new records.

At $3 billion in January, U.S. exports of *bulk commodities* increased 38 percent over the same month last year. Higher prices and a strong foreign demand for coarse grains, soybeans, wheat and cotton have increased U.S. export value for each individual commodity by 40-60 percent. During the first four months of fiscal year 1996, bulk commodity exports totaled $10.8 billion, up 29 percent over the same period a year earlier. Grain and oilseed exports have benefitted from advanced purchasing by overseas buyers while a 28-percent increase in cotton sales largely reflects a strong import demand from East Asian countries.

U.S. exports of *intermediate products* totaled $991 million in January, down 1 percent from the same month last year. Declines for hides and skins, sweeteners, soybean oil and meal, and wheat flour offset gains for other vegetable oils, feeds and fodders, planting seeds, and animal fats. For the first four months fiscal 1996, intermediate product exports were down 5 percent to $3.7 billion.

Exports of U.S. *consumer-oriented products* totaled $1.5 billion in January, up 17 percent from the same month last year. Major gains were recorded by red meats, poultry meat, dairy products and tree nuts. Fresh vegetables and breakfast foods recorded the largest declines. For the first four months of fiscal 1996, consumer food exports posted an 8-percent rise over the same period last year thanks to red meat and poultry meat exports which are up $233 million and $176 million, respectively.

At $117 million in January, edible *fish and seafood* exports fell 3 percent below January 1995. Declines were recorded in four of the five product groups with the largest registered by canned salmon and crab and crab meat. U.S. *forest product* exports totaled $575 million in January, up 6 percent over last year's level.

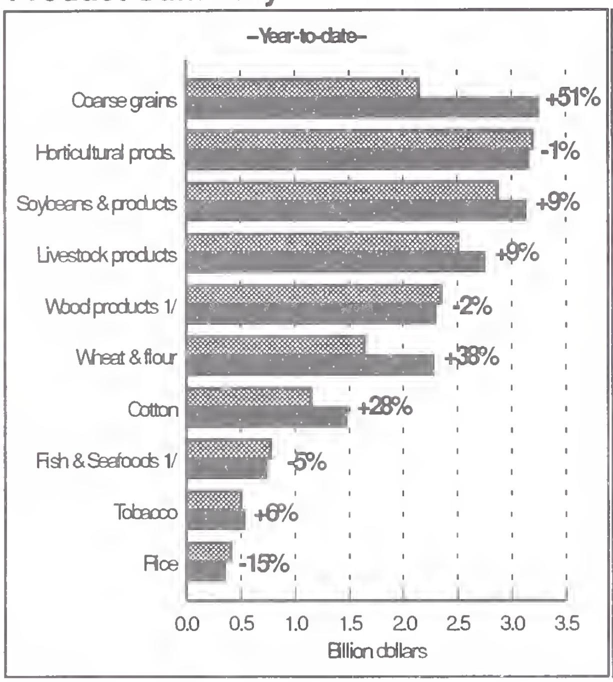
Inside This Issue...

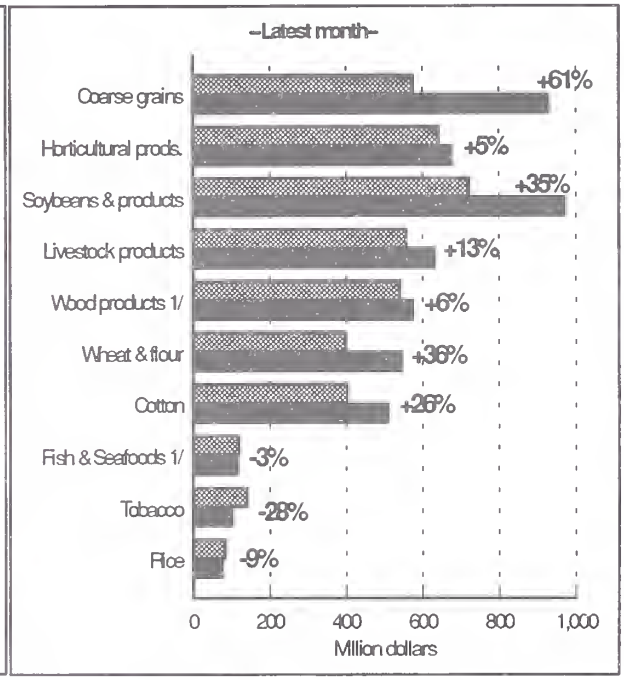
U.S. Agricultural, Fish and Wood Export Summaries

October-January and Latest Month Comparisons

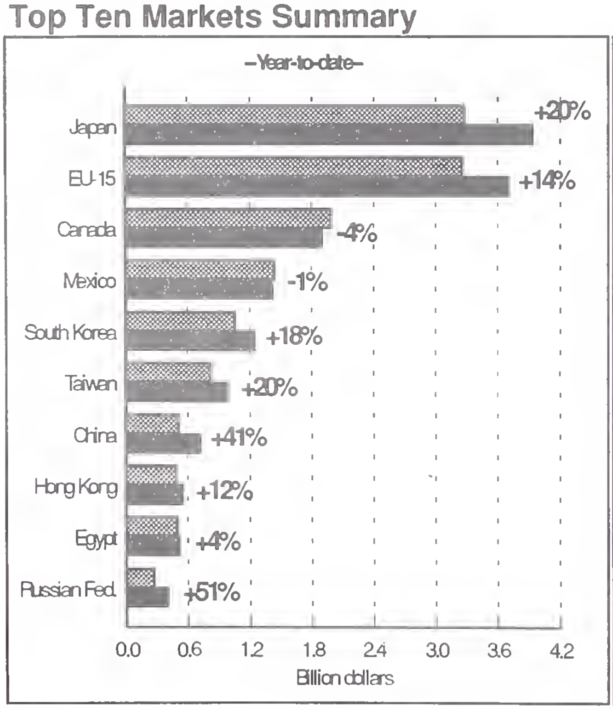
FY 95 FY 96

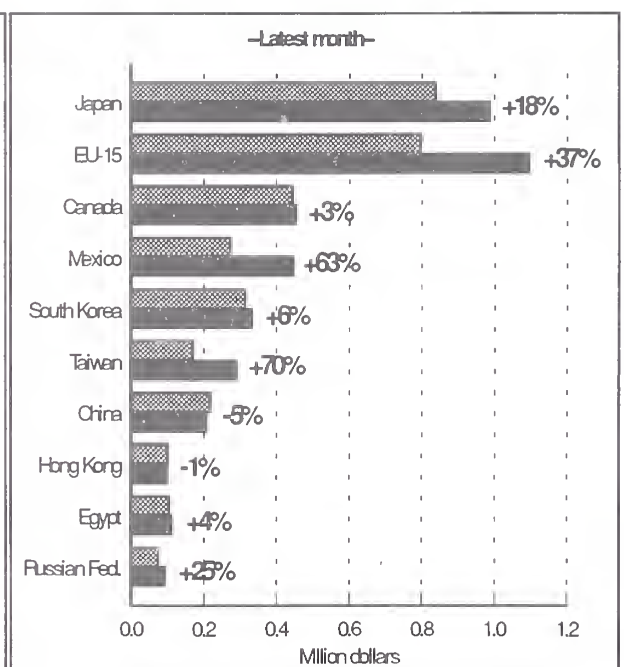
Product Summary





Top Ten Markets Summary





Note: Percentages are computed as the change from a year ago.
1/ Not included in agricultural totals.

Feature Story: 1996 Farm Bill

The Federal Agricultural Improvement and Reform (FAIR) Act of 1996 was signed into Law by President Clinton on April 4, 1996. Trade provisions of the Farm Bill reorient U.S. trade and food aid programs towards market development, with increased emphasis on high-value and value-added products. Annual Export Enhancement Program (EEP) expenditures are capped under the new Farm Bill. Additionally, total EEP funding during fiscal years 1996 through 2000 is set at more than $1.6 billion less than the maximum levels permitted under the Uruguay Round Agreement. The Market Promotion Program is renamed the Market Access Program and funding is capped at $90 million for fiscal years 1996-2000. The Farm Bill also authorizes P.L. 480 Title I agreements with private entities in addition to foreign governments, and broadens the range of commodities available for P.L 480 programming. The legislation provides protection for farmers against unilateral export embargoes, and places new emphasis on high-value products in the GSM Export Credit Guarantee Program. Changes in agricultural trade programs under the 1996 Farm Bill are summarized below:

Export Credit Guarantee Programs

These programs guarantee repayment of credit extended to foreign importers to purchase U.S. farm products. The Export Credit Guarantee Program (GSM-102) covers private credit extended for up to 3 years. The Intermediate Export Credit Guarantee Program (GSM-103) covers private credit extended for more than 3 years to 7 years.

--Authorizes a new short-term supplier credit guarantee program.

--Includes more flexible criteria for determining countries' creditworthiness for GSM-103 intermediate-term credit guarantees.

--Mandates annual program levels for GSM-102 and GSM-103 at $5.5 billion through 2002, but allows flexibility in how much is available for each program.

--Allows credit guarantees for high-value products with at least 90 percent U.S. content (by weight). It requires that a minimum amount of credit guarantees be available for processed and high-value products (25% in 1996 and 1997, 30% in 1998 and 1999, and 35% thereafter.), unless this reduces total commodity sales under the program.

Market Promotion Program (MPP)

MPP is designed to develop, maintain, and expand markets for U.S. agricultural products by partially reimbursing participants' costs of conducting approved export promotion activities in foreign countries. Participating organizations include nonprofit agricultural trade organizations, regional trade groups, and private companies.

--Renames MPP the Market Access Program (MAP) and funds MAP at $90 million annually for fiscal years 1996 through 2002.

--Prohibits direct MAP assistance for brand promotions to foreign companies for foreign-produced products, or to companies that are not recognized as small business concerns under the Small Business Act, except for cooperatives and non-profit trade associations.

Export Enhancement Program

This is an export subsidy program which is used to help U.S. exporters compete against subsidized prices in specific export markets.

--Limits funding authority for this program to $350 million for fiscal year 1996; $250 million for fiscal year 1997; $500 million for fiscal year 1998; $550 million for fiscal year 1999; $579 million for fiscal year 2000; and $478 million each for fiscal years 2001 and 2002.

--Allows the Secretary of Agriculture to make available, consistent with Uruguay Round commitments, up to $100 million annually for the sale of intermediate-value products, in order to reach U.S. export volumes recorded during the 1986 to 1990 period.

Dairy Export Incentive Program

--Directs the Secretary of Agriculture to continue the dairy export subsidy program to develop world markets, at the maximum volume and funding levels consistent with Uruguay Round limitations.

Dairy Export Trading Companies

--Directs the Secretary to provide necessary advice and

assistance to the U.S. dairy industry to enable it to establish and maintain one or more export trading companies to develop international markets and to export U.S. dairy products.

Foreign Market Development Cooperator Program

--Authorizes the Foreign Market Development Cooperator Program to develop and maintain foreign markets for U.S. agricultural commodities and products, and authorizes necessary appropriations to carry out the program for fiscal years 1996 through 2002, but does not specify funding levels.

Emerging Markets Programs

--Retargets the Emerging Democracies Program to emerging markets offering growth potential for U.S. exports and authorizes the program through 2002.

--Requires that the Commodity Credit Corporation make available not less than $1 billion of direct credit or credit guarantees to emerging markets during fiscal year 1996 through 2002. Funds to be used to establish or provide facilities, services, or U.S. products to improve handling, marketing, processing, storage, or distribution of imported agricultural products.

--Authorizes up to $10 million annually for technical assistance.

Agricultural Export Promotion Strategy

--The 1996 Farm Bill authorizes a new trade strategy that establishes export goals for USDA. The Secretary is required to identify markets with the greatest potential for export increases and targets support to offices that provide assistance to exporters in priority markets.

Uruguay Round Implementation

--Requires the Secretary to evaluate the status of other countries' implementation of their Uruguay Round commitments each fiscal year. If the Secretary believes that, by not implementing its commitments, another country may be constraining an opportunity for U.S. agricultural exports, USDA must submit the evaluation to the U.S. Trade Representative and transmit copies of the evaluation to Congress.

--Requires the Secretary to monitor World Trade Organization (WTO) member countries' commitments to the Uruguay Round requirements on sanitary and phytosanitary measures. If the Secretary finds that a country has failed to meet these commitments, USDA must take appropriate action under any provision of law. If the country's failure to meet its WTO commitments on these measures has a continuing adverse effect on U.S. agricultural exports, the Secretary must submit a report to the Congress.

Embargo Compensation

--Requires that, if a future export embargo is imposed on any country for national security or foreign policy reasons, and, if no other country with an agricultural economic interest joins the U.S. sanctions within 90 days of the imposition of the embargo, USDA must compensate producers of the affected commodity or commodities. Compensation can take the form of payments to producers, funds for export promotion, or the provision of commodities to developing countries.

--Payments to producers will be based on the Secretary's estimate of the loss suffered by producers due to a decrease in commodity prices resulting from the embargo. The amount of funds provided for export promotion or for food assistance to developing countries is to equal 90 percent of the average annual value of U.S. exports to the embargoed country for the most recent three years prior to the embargo.

--Funds will be available to compensate producers for each fiscal year or part of a fiscal year that the embargo is in effect, but for no longer than three years.

Food Aid

--Extends the authority to enter into new P.L. 480 agreements through 2002. Authorizes Title I agreements with private entities in addition to foreign governments.

--Broadens the range of commodities available for programming under the P.L. 480 program, providing greater flexibility and improving operational and administrative aspects of the program.

Feature Story: USDA Opens Shanghai Trade Office

U.S. Secretary of Agriculture Dan Glickman announced on April 10, the opening of an Agricultural Trade Office (ATO) in Shanghai, China. Secretary Glickman stated that, "We are acutely aware of the tremendous surge in U.S.-Chinese agricultural trade and its growing importance to both of our nations. Shanghai is the gateway to China's vast eastern and central market. This region of roughly 400 million people is larger than the population of many major counties with whom we have trading relationships."

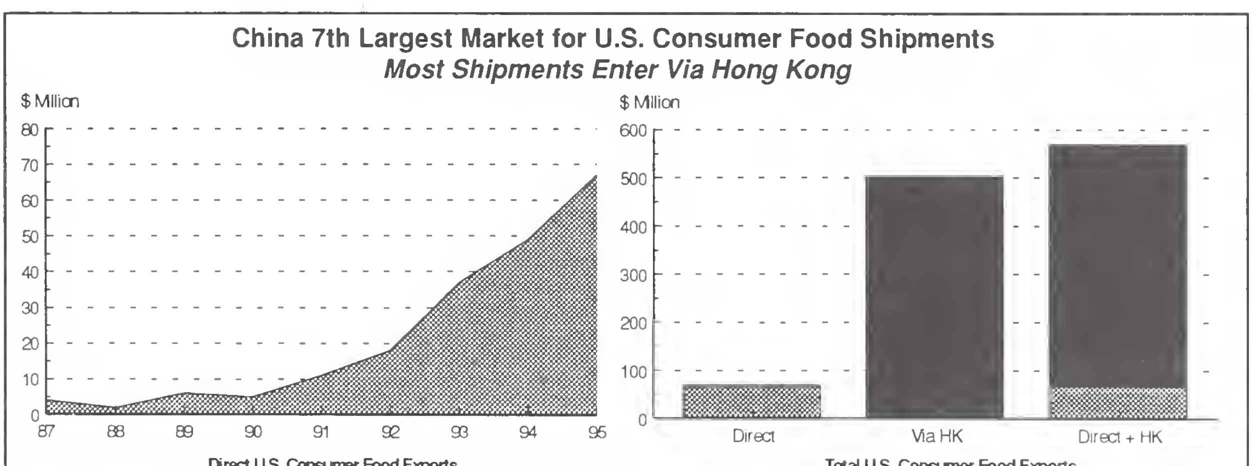
U.S. food, fish, and forestry exports to China in calendar year 1995 reached a record $2.7 billion, up 130 percent over a year earlier. China is now our sixth largest export market. While much of the trade consists of bulk commodities such as wheat, corn, cotton, and soybean oil, we are seeing rapid gains in sales of consumer-ready products, such as chicken, fruit, juices, and grocery items.

China's rapid and sustained economic growth, rising income levels and standards of living, especially in its urban areas, steady transition to a market based economy, and a gradual relaxation of trade restrictions combine to create unprecedented opportunities for American exporters in China. These positive factors are leading to the emergence of a middle class and food purchasing and consuming habits that are reminiscent of the economic transformation that has already taken place in Hong Kong, Taiwan, and other Asian markets. Demand for imported processed foods is growing rapidly as they are used for snacks, gifts, and in the rapidly expanding hotel and restaurant trade.

American food products are highly regarded for their quality and China's food importers look to the United States as the recognized leader in supplying high quality consumer-ready food products. This has allowed the United States to capture a dominant position in China's import market for many consumer-oriented food items. Excellent sales opportunities exist for U.S. poultry meat, red meat, tree nuts (almonds and pistachios), frozen french fries, dried fruit (particularly raisins), fruit and vegetable juice, snack items, and wine.

Hong Kong acts as a conduit for the bulk of China's imports of U.S. consumer-ready food products. Official Hong Kong re-exports of U.S. commodities together with unofficial trade from Hong Kong represent nearly 90 percent of total U.S. export value of consumer foods to China. Although many of these imported items are consumed in South China, a significant portion moves onward for distribution in other areas of the country. Much of the local trade in China, particularly in Shanghai, is eager to break away from Hong Kong middlemen and purchase direct from U.S. suppliers. The ATO in Shanghai will assist U.S. firms in developing contacts with Chinese importers seeking to supply the food import needs of eastern and central China.

The new ATO is located in the Shanghai Center, 1376 Nanjing Road West, Suite 331. Telephone: (011-86-21) 6279-8622; Fax: (011-86-21) 6279-8336.



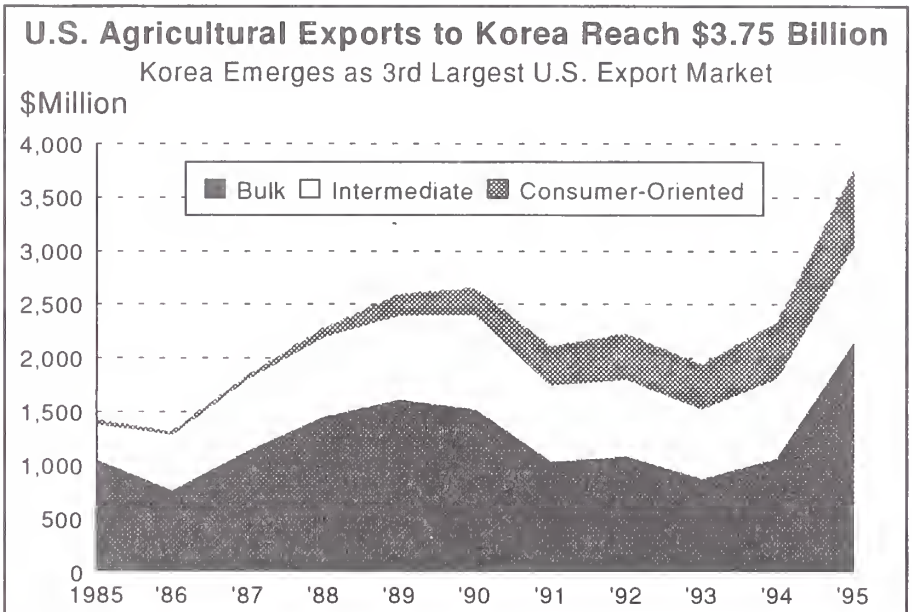
Country Spotlight: South Korea

South Korea has overtaken Mexico to become the 3rd largest single-country market for U.S. agricultural exports behind only Japan and Canada. U.S. agricultural exports (excluding fish and forestry products) to Korea in 1995 reached a record $3.75 billion, up 61 percent over a year earlier. Export potential for U.S. food products in the Korean market is excellent, given its robust economy, growing consumer buying power, and shrinking self-sufficiency. Future increases in agricultural imports are likely to consist largely of high-value, consumer-ready products as bulk commodity import levels remain fairly stable. The Uruguay Round Agreement is having a major impact on Korean imports of U.S. consumer-oriented foods. The GATT treaty created a trade liberalization schedule which progressively opens the South Korean market over the next ten years.

The economic miracle of South Korea continues unabated. Over the past three decades, Korea has transformed itself from a poor, largely rural country to become an urban society, generating impressive economic growth. Today, Korea is the eleventh largest economy in the world with a per capita income of more than $10,000 compared to less than $150 in 1960.

The Korean economy was expected to grow a robust 9.3 percent in 1995, surpassing an increase in real GNP of 8.2 percent in 1994. Korea's economic growth is based on a strong consumer demand and a surge in exports. The appreciation of the Japanese yen during the first half of 1995 contributed to a significant increase in Korean industrial exports. Although the Korean economy is expected to slow somewhat in 1996, growth is projectedwithin a range of 7.0 to 7.4 percent.

If exports of fish and forestry products are added to the agriculture figure, total U.S. export value to Korea in 1995 reached $4.2 billion compared to $2.75 billion a year earlier. This unprecedented growth in U.S. exports to Korea largely is due to our regaining Korea's estimated $1-billion feed grain market, strong international prices for other bulk and intermediate goods, and a rising import demand for consumer-oriented foods.



Note: Exports exlcude fish & forest products.

Role of Agriculture in the Korean Economy

Historically, Korea has been a relatively poor, isolated country constrained by its mountainous terrain and limited natural resources. With a high population density and limited arable land, Koreans were forced to depend on intensive production of rice and other grain crops. The government set out in the mid-1960's to achieve rapid economic growth through the development of an export-oriented manufacturing sector.

The Korean government invested few of its resources in the rural sector. It pursued a policy of food self-sufficiency maintained through highly-restrictive import policies and a domestic purchasing program based upon grower payments significantly above international price levels. The result is a relatively well off, average farm family whose income exceeds $20,000, but an inefficient farm sector.

The role of agriculture in the Korean economy has declined rapidly, currently employing only about 14 percent of the work force compared with 45 percent 20 years ago. Since 1970, the actual number of farmers has dropped from 4.8 million to less than 2.6 million. A marked migration of the population from rural to urban areas has left behind an aging workforce in Korea's farming communities.

At the political level, agriculture continues to maintain a powerful constituency. Government policies focus on supporting farmers' Incomes with production subsidies, rather than developing economically rational programs for the rural sector. The government has done little to inform its people about the net advantages of the Uruguay Round, and Korean farmers continue to voice strong opposition to market

liberalization for key commodities such as rice, beef, and dairy products.

Overall Trade Trends

Korea's total agricultural trade in 1994 reached $10.8 billion, with imports of $8.4 billion and exports of $2.4 billion. Although agricultural exports in 1994 grew by nearly 8 percent, Korea's agricultural trade deficit expanded due to an 18-percent increase in imports over 1993. Korean self-sufficiency in most bulk commodities is very limited because of a shortage of arable land. The one exception is rice which Korea normally produces in surplus volumes. Korea depends on imports to supply from 80 to 100 percent of its needs for most livestock feed ingredients, fibers, skins, fats and oils, grains, sugar and forest products.

Self-sufficiency in many high-value products is artificially maintained by government policies which restrict imports or encourage local production using imported raw materials or semi-processed products. However, few of these products depend solely on efficient local production; and the local food processing industry does not produce the full range of products available from the United States. Additionally, Korean consumers usually are aware of the quality discrepancy which often exists between U.S. and Korean products. Beef is an exception due to the rapid growth in consumer demand and the limited number of Korean cattle. Korea produces adequate volumes of some fruits and vegetables to satisfy local demand but is highly dependent on grain imports for both food and feed use. Only a negligible quantity of wheat is grown in Korea

U.S. Market Position

The United States is the largest single country supplier of agricultural products to Korea. According to official Korean trade data, agricultural imports from the United States in 1994, excluding fish and forestry products, totaled $2.7 billion, up 11.5 percent over 1993. Imports from the United States accounted for nearly 33 percent of the total value of all agricultural imports from all origins. The U.S. export picture to Korea in 1995 was much improved, with both the value of U.S. exports and market share having increased sharply.

Korean imports of consumer-ready food products from the United States in 1994 increased 23 percent over a year earlier to $663 million. Despite the increase in import value, U.S. market share fell slightly from 31.5 percent in 1993 to 30 percent in 1994. This decline reflects the competitiveness of the Korean market and the likelihood that competition will become more intense as supplying countries attempt to gain market share in newly liberalized product areas.

Third-Country Competition

Many countries sell agricultural products to Korea, but most sell only one or a few products. Competition usually rests solely upon the basis of price and most exporters are not involved in market development or promotional activities. However, there are four major competitors that compete in and/or promote a wide variety of products in direct competition with the United States. These are: China, Canada, Australia, and New Zealand.

China is a potential supplier for virtually everything Korea imports. China's proximity, size, need for foreign exchange, cheap labor, and large ethnic Korean population make it a formidable competitor for the United States. To date, growth in China's agricultural exports to Korea has been hindered by its poor infrastructure, limited promotional and trade servicing activities, and the low-quality of its products. China, however, does compete effectively on a price basis, and the general quality of its products is rising. China's inability to export corn to Korea this year has allowed U.S. sales of this grain to increase markedly.

Australia offers stiff competition in wheat, beef, mutton, wool, sugar, wine, and processed food products. Australian exporters compete effectively on price and actively engage in well-funded market promotion programs, including participation in all major Korean food shows. The Australian Wheat and Meat and Livestock Boards are active in Korea.

Canada competes in feed grains, beef, canola oil and meal, and soybeans for food use. Promotional activities are carried out on these commodities in Korea. Ag-Canada recently stationed its first professional in Korea to carry out promotional work.

New Zealand offers stiff competition for U.S. exporters of beef, mutton, dairy products, wool, and kiwifruit. The European Union presents the most significant competition for U.S. exporters of processed foods, confectionery items, snack foods, processed meat, beverages, poultry, and wine. Malaysia dominates the vegetable oil market with its palm oil while Thailand is emerging as a competitor for canned fruits and vegetables.

Trade Policy

Korea has high tariff and non-tariff trade barriers which have inhibited U.S. agricultural products from reaching their full export potential in this growing market. The recent Uruguay Round Agreement and the implementation of bilateral agreements, however, will go a long way in correcting this situation since Korea also has agreed to liberalize a variety of agricultural imports over the next 10 years.

Korea lifted its ban on rice imports with the creation of a quota in 1995. The tariff on soybean meal and the in-quota tariff on feed corn will be reduced from an applied rate of 3 percent to 1.8 percent. The applied tariff on soybean and cottonseed oil will be reduced from 9 percent to 5.4 percent and on sunflower oil from 30 percent to 18 percent. The in-quota tariff on shelled peanuts will be reduced from 40 percent to 24 percent. Quotas have been established for frozen pork and chicken in 1995 and 1996, and will be replaced by tariffs in 1997.

Consumer-oriented foods will be major beneficiaries of lower tariffs. Tariffs on the following consumer food products are scheduled for a 40-percent reduction from

their 1993 applied rates by the year 2004: almonds, walnuts, raisins, fresh cherries and prunes, frozen french fries, canned and frozen sweet corn, pork sausages, breakfast cereals, and soup and broth. Import prohibitions were lifted on fresh apples and grape juice in 1995. Korea's import ban on fresh grapes and apple juice will be removed this year and the ban on orange juice is scheduled to be eliminated in 1997. Orange juice quotas will remain during the interim period. An import ban on dairy preparations also will be removed.

The Korean government, however, continues to employ numerous methods to reduce or halt imports of agricultural products, particularly those items which it believes compete with domestic industries. This is most recently demonstrated by such problems as shelf-life, port clearance and product labeling. In these cases, the Korean government utilizes sanitary-phytosanitary and food safety standards and regulations that have little or no scientific basis or deviate substantially from international trade practices in both substance and implementation to limit imports.

Positive results are being achieved in dealing with these secondary trade barriers. An agreement was reached in July 1995 on the shelf-life issue after Korea was challenged under the World Trade Organization's dispute settlement mechanism. The Korean government had mandated excessively short shelf-life periods for various food products which represented severe trade restrictions. The shelf-life agreement provides new or improved market access for meat as well as many other food products, and is expected to result in an additional $240 million in U.S. export value to the Korean market yearly. By 1999, additional annual exports could reach $1 billion. Principal products affected by the agreement include: chilled vacuum-packed beef and pork, frozen beef, pork and poultry products, most frozen food, and all dry, packaged, canned and bottled foods.

WTO dispute settlement procedures also have been initiated against Korea in response to food safety restrictions and import clearance procedures by the Korean government which have resulted in unacceptable losses for perishable products. Resolution of these issues has not yet been achieved.

Agricultural Reform

The high level of protection historically afforded Korea's agriculture leaves this sector of the economy poorly prepared to cope with the rapid market liberalization undertaken since 1989. The Government initiated a five-year restructuring program for Korean agriculture in 1995. Key elements of the program focus on enhancing the international competitiveness of Korea's agriculture, promoting industry and infrastructure development projects in rural areas, and improving the living environment of rural communities.

In addition to the agricultural development plan, Korea's National Assembly passed a 10-year special tax which will be utilized to assist Korean agriculture to cope with the impact of the Uruguay Round. The tax is projected to generate $2 billion annually over the next 10 years, with funds targeted at rural villages. Total government expenditures on the rural sector over the next five years could reach $62 billion if these programs are fully implemented.

USDA Program Resources

Export promotion has served as an essential government tool for expanding U.S. exports to Korea. Over the past decade, funding levels for the Market Promotion Program and the Foreign Market Development Program have ranged between $5.9 and $10.5 million. Total promotional funding budgeted for Korea in fiscal year 1995 reached $8.2 million, approximately 6 percent of total agricultural export promotion funding budgeted last year. This level corresponded closely to Korea's share of total U.S. agricultural exports.

Trade servicing is the promotion activity having the greatest sales impact in Korea given the importance of personal relationships in the Korean business community. Food shows represent another excellent vehicle for promoting U.S. food products in the Korean market as well as assisting exporters find reliable local agents.

The 5th Great American Food Show--Korea '96 took place in Seoul during March 19-21, 1996. This trade show was organized and managed by the Trade Show Office of USDA. U.S. exhibitors estimated that the show resulted in a $60 million increase in annual sales of consumer-oriented food products to Korea. The show offered 72 U.S. exhibitors direct contact with more than 3,500 Korean food industry representatives. Exhibitors displayed their products to Korean food manufacturers, brokers/importers, distributors, and food service providers. The next USDA Korean food show is scheduled for the spring of 1998.

USDA's Cochran Program also has proven to be an effective tool in expanding agricultural sales to Korea. This program seeks to assist selected countries in developing their agricultural systems and to strengthen trade linkages with U.S. agricultural interests. This is a long-term trade development program. There were three Korean participants in the Cochran Program in 1995.

Korean Import Potential for Consumer-Ready Foods

Korea is a major market for consumer-oriented food products. U.S. exports of consumer-oriented commodities to Korea in 1995 totaled a record $697 million, 35 percent higher than 1994. Future growth in U.S. agricultural exports to Korea is expected to be strongest for this sector given an anticipated increase in consumer demand and continued improvement in market access.

Several demographic factors are supporting this import growth. Prominent among these are: an increase in per capita income to $15,000 by the year 2000, the increasing number of women in the workplace, a higher percentage of younger consumers with a general preference for Western tastes and styles, a growing trend toward convenience in home-prepared foods combined with

widespread ownership of home appliances such as refrigerators and microwaves, and the rapid spread of fast food restaurants.

Beef is the single largest consumer-oriented item exported by the United States to Korea. U.S. exports of chilled/frozen red meat to Korea during calendar year 1995 reached a record $361 million, 47 percent above a year earlier. Since the initial opening of the market in 1989, U.S. beef exports have reached a cumulative total exceeding $1.0 billion. This market will grow rapidly thanks to the recently negotiated agreement resolving the shelf-life issue. The U.S. industry is attempting to maintain its 50-percent market share in the face of stiff competition from Australia and New Zealand.

Frozen food sales in Korea are increasing rapidly. The Korean market for frozen foods, excluding meat and fish products, is estimated at $350 million and is growing at an annual rate of 25 to 30 percent. Frozen french fries are a leading import item. Liberalized only in 1988 and virtually unknown in Korea at that time, french fry imports, supplied almost entirely by the United States, increased from $2.5 million in 1989 to $16.2 million in 1994. Other important frozen food import items include: whipping cream, ice cream, apple pie, corn on the cob, hot dogs and sausages.

Poultry exports will benefit from the improved market access afforded under the Balance of Payments and Uruguay Round Agreements. Previously banned, import quotas for frozen broilers were set for 1995, 1996, and 1997. Quantitative restrictions will be lifted completely on July 1, 1997. U.S. exports of turkey meat, consumed in Korea as a pork substitute, reached $22 million in 1995. Total U.S. poultry meat exports to Korea in 1995 totaled a record $31 million.

Juice imports from the United States are expected to increase as the Korean market grows at an annual rate of 20 to 30 percent. Total Korean imports of fruit and vegetable juice reached $115 million in 1994, up 39 percent over 1993. U.S. product accounted for more than one-third of the total value of all juice imports. Frozen concentrated orange juice is the dominant import item, with value totaling $76.8 million in 1994. Imports of orange juice are covered by a quota set by the Uruguay Round Agreement. The quota will be removed in 1997 in accordance with the Balance of Payments Agreement. U.S. orange juice is marketed in Korea as a premium product to counter lower-priced Brazilian product.

Tree nut imports are dominated by the United States. Total imports in 1994 reached $32 million, up slightly from $29 million in 1993. Korea imported $27.5 million of tree nuts from the United States, consisting of $24.5 million of almonds and the balance in pistachios and walnuts.

Bulk Commodity Imports

The majority of corn and soybeans consumed in Korea is imported. Korea no longer produces any significant quantity of wheat. The United States continues to be the dominant supplier of soybeans and milling wheat.

U.S. cotton shipments to Korea during calendar year 1995 reached $362 million, up 14 percent over a year earlier. The long-term outlook, however, for cotton sales is not bright given the industry's efforts to move offshore in search of lower wages and the Korean government's expressed intention to terminate USDA's GSM-102 export credit guarantee program, which supports U.S. cotton and wheat sales.

Previously banned, rice is now being imported under a Uruguay Round Agreement. Import levels were set at 51,000 tons (milled basis) for 1995 and will increase to 205,000 tons in 2004. Import purchasing contracts made by Korea's Office of Supply last October were awarded to Indian suppliers who offered the lowest prices.

U.S. coarse grain exports to Korea in calendar year 1995 reached a record $1.1 billion compared to $250 million in 1994. This huge jump in export value was due to the United States' regaining Korea's $1-billion feed grain market from Chinese corn and to a lesser extent Canadian and Australian feed wheat.

However, the rapid rise in U.S. corn prices to record levels over the past few weeks has sparked Chinese export interest. And recent unconfirmed reports indicate that Korea has purchased Chinese corn. This represents China's first export sale since it imposed a ban on corn export sales in December 1994. The long-term export potential for U.S. corn in the Korean market appears bright given the likelihood that China's growing internal needs will prevent it from being an aggressive exporter to other Asian countries.

Intermediate Agricultural Products

U.S. exports of intermediate stage agricultural products to Korea are dominated by hides and skins. U.S. exports of hides and skins reached $714 million in 1995, up from $630 million in 1994 and $541 million in 1993. The U.S. share of the Korean import market for hides and skins is estimated at approximately 75 percent. The long-term outlook for sales of hides and skins to Korea is tempered by the industry's efforts to move offshore in order access lower labor costs.

Hides and skins accounted for roughly three-quarters of the total sales value to Korea of intermediate agricultural products last year. U.S. exports of vegetable oil and animal fats to Korea in 1995 totaled $62 million and $49 million, respectively.

For more information, contact
David Rosenbloom at (202) 720-2136

US Exports of Agricultural, Fish & Wood Products to KOREA, REPUBLIC OF

Calendar Years 1991 to 1996 and Year-to-Date Comparisons ($1,000)

Product	Calendar Years 1991	1992	1993	1994	1995	January 1995	1996	% Chg
Bulk Agricultural Total	1,021,484	1,069,691	858,370	1,049,523	2,123,975 *	190,819	215,034	12.7%
Wheat	209,486	235,288	227,603	227,732	260,361	24,825	33,686	35.7%
Coarse Grains	177,678	203,430	48,885	248,897	1,108,724 *	103,351	116,107	12.3%
Rice	69	278	154	54	24	8	0	-100.0%
Soybeans	240,018	245,821	246,554	224,932	335,769 *	26,344	34,581	31.3%
Cotton	356,255	346,954	294,837	317,235	362,091	35,625	29,873	-16.1%
Tobacco	28,706	33,688	15,165	21,415	43,650	0	0	NA
Pulses	3,695 *	1,595	1,221	1,144	1,009	102	148	45.1%
Peanuts	406	211	798	158	316	9	0	-100.0%
Other Bulk Commodities	5,171	2,427	23,153 *	7,956	12,032	555	638	15.0%
Intermediate Agricultural Total	730,520	734,476	674,013	764,851	929,872 *	78,695	65,845	-16.3%
Wheat Flour	0	0	0	11	203	9	11	22.2%
Soybean Meal	0	39,492 *	9,908	0	30	0	0	NA
Soybean Oil	291	109	25	2,212	18,944 *	38	3,616	9415.8%
Other Vegetable Oils	18,470	14,735	20,850	26,013	35,280 *	1,417	4,904	246.1%
Feeds & Fodders (excl. pet foods)	12,441	13,147	11,671	10,114	26,548 *	1,385	1,589	14.7%
Live Animals	6,457	4,781	4,777	6,740	8,856	195	339	73.8%
Hides & Skins	595,372	567,635	541,327	630,255	714,325	64,581	45,619	-29.4%
Animal Fats	22,975	29,666	24,446	26,575	49,032	3,840	3,882	1.1%
Planting Seeds	4,682	6,396	7,267	10,050 *	9,592	2,458	1,478	-39.9%
Sugars, Sweeteners & Bever. Bases	16,248 *	4,635	4,053	4,363	4,995	504	381	-24.4%
Other Intermediate Products	53,584	53,881	49,689	48,519	62,066 *	4,267	4,025	-5.7%
Consumer-Oriented Agricultural Total	352,090	418,118	400,330	515,640	696,779 *	46,562	52,615	13.0%
Snack Foods (excluding nuts)	25,050	28,643	30,162	29,820	31,680 *	2,032	3,121	53.6%
Breakfast Cereals & Pancake Mix	398	308	618	1,724	1,912	101	63	-37.6%
Red Meats, Chilled/Frozen	188,375	219,839	165,826	246,002	360,818 *	21,707	26,858	23.7%
Red Meats, Prepared/Preserved	11,723	7,538	9,388	8,263	12,928 *	673	714	6.1%
Poultry Meat	8,211	20,833	20,000	26,006	30,786 *	1,212	1,015	-16.3%
Dairy Products	6,081	6,277	8,759	11,365	24,483 *	931	2,995	221.7%
Eggs & Products	847	1,376	1,415	900	2,384 *	20	107	435.0%
Fresh Fruit	7,336	7,656	8,630	13,494	25,765 *	5,700	1,529	-73.2%
Fresh Vegetables	1,567	215	625	16,673 *	5,177	1,737	622	-64.2%
Processed Fruit & Vegetables	34,331	40,750	41,492	53,941	65,001 *	4,680	4,163	-11.0%
Fruit & Vegetable Juices	17,702	19,188	28,209	33,417	37,240 *	2,502	952	-62.0%
Tree Nuts	17,089	22,012	26,300 *	20,862	20,522	1,472	1,530	3.9%
Wine and Beer	1,940	808	3,760 *	1,644	3,469	224	382	70.5%
Nursery Products & Cut Flowers	105	176	237	301	350	24	53	120.8%
Pet Foods, Dog/Cat	2,067	2,900	4,426	4,559	5,748 *	327	790	141.6%
Other Consumer-Oriented Products	29,269	39,600	50,486	46,669	68,516 *	3,219	7,722	139.9%
Wood Products Total	337,503	316,832	376,984 *	310,283	322,643	18,010	21,665	20.3%
Logs	248,086	197,252	225,793	136,789	152,922	3,085	3,275	6.2%
Lumber	24,979	36,682	48,886	69,891	71,947 *	4,047	6,284	55.3%
Plywood & Panel Products	42,370	39,417	48,612 *	47,657	48,495	3,646	2,754	-24.5%
Other Wood Products	22,068	43,481	53,693	55,946 *	49,279	7,233	9,352	29.3%
Fish & Seafood Products Total (Edible)	158,247 *	133,939	109,845	114,547	123,231	4,182	4,895	17.0%
Salmon, Whole/Eviscerated	2,518	2,300	2,024	2,623	1,284	89	456	412.4%
Salmon, Canned	0	19	0	3	9	0	0	NA
Crab & Crabmeat	3,413	2,647	4,992	5,880	844	19	25	31.6%
Surimi (fish paste)	N/A	29,285 *	29,066	25,577	25,444	285	588	106.3%
Roe & Urchin	27,361 *	17,300	3,982	12,334	9,981	624	10	-98.4%
Other Edible Fish & Seafood Products	124,955 *	82,388	69,782	68,129	85,669	3,165	3,815	20.5%
Agricultural Product Total	2,104,094	2,222,285	1,932,713	2,330,014	3,750,626 *	316,076	333,494	5.5%
Agricultural, Fish & Wood Product Total	2,599,844	2,673,056	2,419,542	2,754,844	4,196,500 *	338,268	360,054	6.4%

Note: (*) Highest export level since at least 1970, N/A = not available; NA = not applicable.

Trade Event: Moldova Agribusiness Mission

The U.S. Department of Agriculture and the U.S. Trade and Development Agency (TDA) are inviting U.S. food, agricultural equipment, and product and service companies to participate in a joint agribusiness trade and investment mission to Moldova from June 17-21, 1996. The mission is being co-sponsored by the Citizens Network for Foreign Affairs, and the Agricultural Management Group, a U.S. company based in Chisinau, Moldova.

In a recent news release announcing the mission, August Schumacher, Jr., administrator of USDA's Foreign Agricultural Service, stated that "the Moldovan government is making modernization of its agribusiness sector its top national economic priority so that the country's agribusiness sector can compete in the world market. This action is opening up millions of dollars in export and investment opportunities for U.S. companies in Moldova." J. Joseph Granmaison, Director of TDA, added, "Moldova is an untapped trade source for U.S. companies. Many Moldovan firms are actively searching for new products and equipment in order to expand their operations and increase their profitability."

Mission Objectives

The main objective of the mission is to increase U.S. companies' awareness of business opportunities and potential in Moldova. One of the lesser known markets of the Newly Independent States of the former Soviet Union. Moldova offers significant export opportunities for food industry products and related services.

The Mission will facilitate making contacts between Moldovan and U.S. companies to develop trade linkages leading to export/import opportunities and potential joint venture arrangements.

USDA and TDA are encouraging small to medium size companies to participate in this mission.

Mission Preparation

In December 1995, a USDA - led technical team visited and profiled 24 companies that were determined to be possible trading or investment partners. Most of these companies are either private or in the process of being privatized. Areas where opportunities for U.S. products and/or technology exist were identified. For example, there are opportunities for the export to Moldova of animal feeds and plant and animal genetics, and to import from Moldova processed and fresh fruits and vegetables. In addition, there is a strong demand for agricultural production technology for the processing, storage, packaging, and transportation of agricultural products.

Moldovan Agribusiness Opportunities

Although Moldova is the second smallest of the fifteen former Soviet Union (FSU) republics, historically it has played an important role in trade and development in the surrounding area, including Russia, Poland, Romania, Ukraine, and other Black Sea markets. Second only to the Ukraine in agricultural processing activity and export financing, Moldova once produced a substantial portion of the former Soviet Union's canned food products.

Currently, agriculture accounts for 40 percent of Moldova's gross domestic product and employs one-third of the labor force. With its strong agricultural base, and its central location, Moldova has the potential to re-capture many of its former markets and open new markets in other parts of Eastern Europe as well as the European Union. Potential markets include Moldova's five million citizens and the more than 100 million consumers in the surrounding markets of Russia, Belarus, Poland, Romania, and the Ukraine.

A favorable climate and productive soil, along with one of the lowest labor cost structures in Europe, give Moldova a comparative advantage in agricultural production. Leading crops include: grain, sugarbeets, sunflower, fruits, and vegetables. Animal production mainly is limited to pork and cattle. Agricultural processing, which makes up close to half of Moldova's industrial sector, focuses on fruit juice, frozen vegetables, canned goods, wine and other alcoholic products, and processed meats.

Moldova's low consumer purchasing power limits its import demand for consumer-ready food products. Nevertheless, there is a small market for snacks, convenience foods, and tobacco products.

Imports of compound feeds and feed ingredients as well as animal and plant genetics are essential to helping revitalize the agricultural sector. Processing equipment and packaging materials are in high demand to modernize and expand Moldova's factories.

Moldova is successfully producing a number of products for export such as wine, cognac, tomato paste, dried fruit,

concentrated apple juice, nuts, processed fruit and vegetables, and meat and meat products. Most of Moldova's exports are destined for the FSU and neighboring countries. Inadequate processing equipment and the absence of modern packaging facilities make most Moldovan products unsuitable for Western markets. However, several EU companies have initiated joint venture or import arrangements with Moldovan companies, particularly for fruit juice and wine.

Investment and joint venture opportunities exist in the following areas:

> Agricultural Production--particularly livestock and ginseng production
>
> Processing of agricultural products--meat and dairy processing, feed concentrates, wine, and candy production
>
> Agricultural storage, packaging, and transportation
>
> Manufacture of agricultural machinery
>
> Light industry--textiles, leather, footwear, furs, etc.

Moldovan Business Attitude Toward the U.S.

Moldovans recognize the excellent quality of U.S. products and, therefore, view U.S. companies as ideal partners. However, U.S. companies and their products generally are less known than their European or Asian competitors. The Moldovan government and most firms are aware of this obstacle and are anxious to encourage visitors from U.S. companies to come to Moldova to promote their products.

Relations between Moldova and the U.S. government are excellent. In May 1994, the new Moldovan Parliament ratified the Bilateral Investment Treaty (BIT) between the United States and Moldova. The BIT will become active once instruments of ratification have been exchanged. The BIT guarantees non-discriminatory treatment for U.S. investments and operations, hard currency repatriation rights, expropriation compensation, and the right to third party international arbitration in the event of a dispute between a U.S. company and the Moldovan government. Most-favored-nation status was granted Moldova by the United States on July 2, 1992.

The Moldovan government is giving high priority to supporting export-oriented industries through tax incentives and favorable legislation towards partnerships and joint ventures. U.S. firms can benefit from this support by realizing immediate opportunities in trade, joint ventures, and investments.

Economic Situation and Investment Climate

Moldova is one of the most forward looking of the Newly Independent States of the former Soviet Union. It offers a stable currency, low inflation, and an aggressive privatization program. During 1991-1992, the Moldovan Parliament adopted the main principles of a market economy and Moldova has since proceeded with privatization, foreign investment, trade, and other laws which are conducive to U.S. business.

Moldova is pressing ahead with a broad program of economic reform. The Moldovan government and the International Monetary Fund (IMF) agreed on a reform program for 1994 designed to lower inflation to one percent per month, reduce the budget deficit to 3.5 percent of GDP, and privatize one third of all state property. The government has removed price controls on all products, ceased issuing preferential credits, and launched both small and medium-to-large scale privatization programs.

With the banking law of June 11, 1991, Moldova created the National Bank of Moldova (NBM). The NBM operates as a central bank, supervising the financial and monetary systems, including hard currency transfers. The NBM is a source of financing for key investments.

Currently, there are no western banks in Moldova. The closest alternative is the Vorzrozdeniye Bank which is owned by the World Bank and is based in Kiev. A new Moldovan currency, the leu, was introduced in November 1993. The IMF allocated $70 million for a currency stabilization fund. The leu has been relatively stable since its inception, with an exchange rate of approximately 4 leu to the dollar. The Moldovan government recently instituted tax preferences for banks making long-term loans to companies looking to restructure or expand.

U.S. investors can work directly with newly privatized firms, buy shares through investment funds, or purchase shares on the stock market. One hundred percent foreign ownership of Moldovan companies is allowed. Restrictions on foreign ownership of land, banking, securities and bonds, and natural resources do exist. Joint ventures with at least 30 percent foreign ownership

are eligible for a two-year tax holiday after initial profits are realized.

In September 1993, the Moldovan government announced tax concessions for enterprises with foreign investments that produce essential products. Agricultural equipment is included in this program which is expected to continue for another two to six years.

OPIC, TDA and USDA

An agreement between the Moldovan government and the Overseas Private Investment Corporation (OPIC) was signed in June 1992 and went into effect in December of that year. OPIC's Project Finance Program is authorized to provide loans, loan guarantees, and political risk insurance to U.S. companies establishing business ventures in Moldova.

The U.S. Trade and Development Agency provides funding for feasibility studies leading to projects which will result in U.S. exports in excess of $10 million to $15 million. The U.S. Department of Agriculture also provides support for economic and trade development with Moldova through the Cochran Fellowship Program, P.L. 480 food assistance and other support programs.

Mission Schedule

Friday, June 14

Orientation in Washington (Optional): A mission orientation will be provided for those participants who wish to come to Washington prior to departure for Moldova. Project leaders from USDA and TDA will cover mission details as well as provide briefings on current activities in the region. Organizations located in Washington with programs in Moldova, including Citizens Network, will provide briefings on their activities as will a representative of the Moldovan Embassy.

Saturday, June 15

Travel: Depart the United States, arriving in Chisinau on Sunday, June 16.

Monday, June 17

Briefings: Given by U.S. Embassy officials, Moldovan Government officials, and other experts on the Moldovan economic and agribusiness situation, business climate, privatization process, legal aspects of investing in Moldova, and the availability of financing to assist U.S. business investment. U.S. companies already doing business in Moldova will share their experiences with participants.

Reception: Held that evening to meet potential partners.

Tuesday, June 18 to Friday, June 21

Visits: Individual site visits will be conducted with Moldovan firms, including plant operations. These visits will be selected in advance by mission participants.

Participation Costs

Participating U.S. companies are responsible only for their travel, hotel, and subsistence costs. Interpreters, local transportation, and all other costs associated with the organization of the mission, including an information package and technical advice from USDA staff are provided to participants free of charge.

Mission Registration

Companies interested in participating in the Moldovan trade mission should submit the following information:

Company name and address, telephone and fax numbers

Brief profile of their company's products and services

Indication of specific interests in Moldovan companies.

Detailed profiles of Moldovan companies will be sent to you for your assessment.

Participation in the Moldova Mission is being limited to 10 U.S. companies. Space is still available for firms seeking to join the Mission.

For additional assistance regarding your participation in the Moldova Agribusiness Mission, please contact:

Clay Hamilton
Trade and Investment Program
Foreign Agricultural Service/USDA,
Washington, D.C. 20250-1081
Phone: (202) 690-1858
Fax: (202) 690-3982

Market Updates

Japan Initiates New Meat Label Import Requirements

The Japanese Ministry of Agriculture, Forestry and Fisheries has asked Japanese meat retailers to begin labeling their meat product imports with the country of origin. This is in response to a drop in consumption of beef brought on by the "mad cow" disease (BSE) in the United Kingdom. Demand for U.S. beef has slowed because the United Kingdom's BSE scare has Japanese consumers concerned about the safety of all imported beef. This new requirement is likely to benefit U.S. exports to Japan. Supermarkets in Japan already are displaying signs stating that imported beef from the United States is safe. U.S. exports of fresh, frozen, and chilled red meat to Japan in calendar year 1995 totaled a record $2.7 billion, up 35 percent over a year earlier. Japan is the dominant overseas outlet for this consumer foods category, accounting for nearly two-thirds of total export value.

Chinese and Brazilian Corn Exports Encouraged by Price Surge

The rapid rise in U.S. corn export prices over the past few weeks to record levels has sparked export interest in China and Brazil, two countries that have not exported corn recently. Unconfirmed reports indicating that China has approved the sale of 1 to 2 million tons of corn to Japan and South Korea could help ease pressure on tight U.S. supplies and dampen prices. Such exports would be the first since China imposed an export ban on corn in December 1994. China's state grain reserve continues to deny that the export ban has been lifted. The corn-surplus northeastern provinces have been petitioning Beijing for export permission for some time, particularly in light of high world prices, but official concern over maintaining low food-price levels has thus far helped keep the ban in place. For several months, USDA has been forecasting Chinese corn exports at 1.0 million tons for marketing year 1995/96 (October/September), but there have been no confirmed sales thus far.

High prices apparently have also enticed Brazil, not normally a significant corn exporter, to export a reported 100,000 tons of corn to Morocco and Libya. Brazil normally imports 1-2 million tons of corn annually, and is expected to this year as well. However, with domestic corn prices far below the current world market price of approximately $200 per ton, Brazilian exporters are looking to capitalize on occasional lucrative export sales.

China and France Preparing Wheat Agreement

China and France reportedly are preparing a framework agreement for the purchase of unspecified quantities of French wheat over the next three years. The agreement appears to be a "letter of intent," with quantity and price levels subject to later consideration. China signed a similar multi-year agreement with the Australian Wheat Board in early November 1995. The agreement reflects China's continued concern over food security and import supplier diversification. French wheat sales to China peaked at 2.6 million tons in 1991/92, but fluctuate widely from year to year.

Phillippines Decides Not to Increase Wheat Tariff

Philippine President Fidel Ramos reversed his decision to increase the milling wheat import tariff from 10 to 50 percent, following a protest by flour millers who argued that the tariff increase would sharply raise the price of bread and drive inflation. The tariff rate for feed what, however, will remain at 50 percent for 1996/97, and will be gradually reduced to 35 percent by 2000. President Ramos signed an Executive Order on March 29 which sets new tariff rates for "sensitive agricultural products." Sensitive items include those that have access quotas established in the Uruguay Round or are substitutable for related products.

The initial decision to increase the tariff for milling wheat was designed to make wheat less attractive for feeding and, therefore, offer less competition to domestic corn. The Philippines is projected to import 2.3 million tons of wheat in 1995/96. It already has purchased 1.7 million tons from the United States since June 1, 1995.

...Market Updates

Increased Demand in Asian Markets Propels U.S. Beer Exports

U.S. beer exports reached a record $413 million in calendar year 1995, 21 percent above 1994 and more than double the value of 1993. The largest and fastest growing markets in recent years have been in Asia. Japan is the largest export market, accounting for 30 percent of the total value of U.S. beer exports in 1995. Hong Kong and Taiwan are the next largest markets, each accounting for 11 percent of total export value. An important factor in the increase in U.S. beer exports has been the saturation of the U.S. beer market. U.S. breweries must now either compete in a tight domestic market or search for new consumers overseas. Many U.S. companies have chosen to expand their overseas operations, including an increasing number of joint ventures in promising markets, especially in China. In addition, some rapidly developing economies of the third world have developed a taste for and possess the ability to purchase foreign beers. Aggressive promotional campaigns are being targeted in key markets by U.S. brewing companies.

The Uruguay Round, NAFTA and bilateral negotiations have helped reduce barriers to trade in countries where trade opportunities had been limited. For example, Taiwan recently lifted a 50-year old ban on all imported beer. Between 1994 and 1995, U.S. exports to Taiwan rose by 106 percent, making Taiwan the second largest U.S. export market for beer. Recent joint ventures of American companies in Brazil also significantly contributed to the increase. Brazil is the fourth largest market for U.S. beer, with sales approaching levels to Taiwan and Hong Kong. Other growing markets for U.S. beer include Canada, Mexico, Panama, Paraguay, the United Kingdom, Ireland, and Russia.

Thai and Vietnamese Rice Prices Fall; U.S. Prices Could Be Undermined

In a move which should force U.S. exporters to either cut prices or risk losing export sales, exporters in Thailand have dropped rice prices by as much as $40 per ton (more than 10 percent) in recent weeks. Thai rice is now available at a $60 per ton discount to comparable U.S. grades. The Thai second crop harvest has created heavy local surpluses. Prices for Vietnamese rice have also dropped sharply as Vietnamese second crop rice has now become available for export. Quoted Vietnamese prices are currently about a $100 per ton below prevailing U.S. prices. World rice prices have remained unusually high in early 1996 as second crop arrival was delayed by flooding in Thailand last fall.

Thailand Again Subsidizes Rice Exports

Thailand, the United States' largest competitor in the international rice market, will subsidize exports of medium and low quality rice contracted during April and May. Thailand and the United States are the world's main suppliers of high quality white rice. The Thai subsidy program is not expected to affect export sales of U.S. rice since it does not generally compete with these grades of Thai rice. Temporary subsidy programs are common in Thailand as a mechanism for promoting export sales and boosting domestic demand by exporters prior to planting. Thai subsidy programs usually have followed the main crop harvest. However, with a record second crop being harvested the Thai government moved to forestall a precipitous decline in domestic price levels.

New Zealand Dairy Export Volume Falls But Value Rises

New Zealand's dairy export trade during the first half of the 1995/96 (June-May) season is reported to be running 17 percent below the same period a year earlier. Generally higher prices for dairy products on world markets have helped to make up for the lower export volume. Most of the volume losses have been in shipments of whole milk powder, nonfat dry milk, and casein. Shortfalls in demand from Mexico, Venezuela, and Algeria account for most of the loss in milk powder exports. Butter exports to Russia were down, but these were offset by increased shipments to the European Union and Iran. Cheese export volume was reported to be nearly the same as in 1994/95.

Russia's Timber Industry to Benefit from Ex-Im Bank Guarantees

A memorandum of Understanding between Ex-Im Bank and Roslesprom (quasi-governmental Russian timber company) will promote exports to Russia's timber industry of harvesting equipment and other technology by guaranteeing up to $1.5 billion worth of investments. The MOU was signed on Tuesday, January 30,1996, at a signing ceremony of the Gore-Chermomydin commission held at the State Department.

This assistance could adversely affect the sale of U.S. wood products to overseas markets by strengthening a major competitor. Russia is the second largest exporter of softwood logs and a major exporter of softwood lumber. The forests of the Russian Far East account for 51 percent of the world's coniferous forest area and could offer intense competition for the exports of U.S. softwood products in the growing markets of East Asia, especially Japan, China, South Korea and Taiwan. Two proposed projects worth $425 million are designed to increase exports to the UK, Germany, Italy and Japan, four of our current top markets. The Ex-Im Bank allows for review of individual projects that may affect the U.S. wood products industry under this agreement.

Poland Purchases U.S. Wheat

Poland purchased 100,000 tons of U.S. (hrw) wheat on April 4, marking their first purchase of U.S. wheat since June 1994. The Polish government's food marketing regulator, Agriculture Market Agency (ARR), announced that the wheat import, which will arrive in mid-May, represents the first tranche of ARR's planned purchase of 200,000 to 300,000 tons. The purchase highlights the urgency of Poland's import needs, as the sale occurred before the United States and Poland signed a bilateral protocol on April 15 regarding Poland's zero-tolerance for weed seeds.

EU Imposes Import Licensing On Apples, Pears, and Lemons

The EU Management Committee for Fruits and Vegetables adopted a draft resolution on March 26 introducing import licensing for apples, pears, and lemons. The stated justification for the licensing measure is to monitor import volumes. There is concern that the requirement may have the effect of hindering and/or discouraging trade. Additionally, the new regulation applies to commodities that already are covered under the EU's protective entry price system. The regulation is expected to come into effect in mid-April.

Under the adopted proposal, import licenses will be automatically and immediately issued upon request and will be valid for a period of 40 days. It is understood that importers will be free to change the origin of the fruit covered by the licenses. A security of 1.5 ECU per 100 kilograms of product will have to be lodged to obtain the licenses.

U.S. exports of apples, pears, and lemons to the EU in calendar year 1995 were valued at $22.6 million, $5.1 million, and $2.4 million, respectively. The Oregon-Washington-California Pear Bureau reports that 1995/96 marketing year pear shipments to the EU through the first half of March topped $9 million, putting exports at a pace 27 percent above the same period in the previous year.

EU Durum Supplies Affect World Market

The EU's durum wheat export tender in March, the first in nearly two years, reflects the prospect of significantly greater EU durum supplies which are expected to have a major impact on global trade patterns and prices. With higher old-crop carryover stocks and a likely 35 percent increase in production in 1996, the EU will have lower import needs and greater exportable supplies, both of which will pressure world prices.

EU and UK Agree on Beef Policy Measures for BSE (Mad Cow Disease)

The EU and the United Kingdom agreed on April 3 to most details on a policy to restore consumer confidence to an EU beef market that has been damaged by concerns over a link between Bovine Spongiform Encephalopathy (BSE) and a similar human disease, Creutzfeld-Jakob Disease. The new policy is divided into three general categories: consumer confidence, market support, and veterinary measures. Consumer confidence is expected to be boosted by a ban on the slaughter for food of all bovine animals in the UK over 30 months of age. Market support will consist of funding for the purchase of cull cows and adult bulls over 30 months (70 percent funding from the EU, 30 percent from the UK), with the UK absorbing the costs of destruction. Compensation to farmers will be as follows: 1 ECU ($1.25)/live kg or an average of 560 ECU ($700)/animal) and will be adjusted according to market prices. Veterinary measures will allow for the enhancement of both UK and EU veterinary inspections and controls. Current policies such as the Specified Bovine Offals bans are to be maintained, increased surveillance for the EU ban on the use of mammalian-derived meal in feed for ruminants, and additional procedures will be adopted for the improved rendering of animal waste of mammalian origin. In addition, there will be an immediate relaxation of beef intervention rules, but no immediate lifting of the worldwide export ban on British beef and beef products.

The market support action outlined above has not yet begun because apparently the UK and the EU have not agreed on the precise compensation price, and the UK does not have incineration capacity to handle 15,000 animals per week. These details are expected to be worked out before April 30, when the UK will present its proposal to the EU Commission for the selective slaughter of bovine animals and/or herds which are/have been exposed to BSE.

WHO Recommends Controls on Animal Feed and Slaughter

The World Health Organization (WHO) announced on April 3 its recommendations for stricter controls on animal feed and slaughter in order to minimize the possibility of contamination by Bovine Spongiform Encephalopathy(BSE). No part of any animal which had shown signs of BSE should enter the food chain, and countries should review their rendering procedures to ensure that contamination does not occur. In countries that have reported cases of BSE, tissues likely to contain the disease, such as the brain, spinal cord tissue, and retinas, should be removed from the food chain. The WHO also recommended banning the use of ruminant tissues in ruminant feed. It was emphasized that milk and gelatin are safe, as is tallow if the rendering process is safe. Further recognition was given to the fact that there is no proven link between BSE and Creutzfeld-Jakob Disease, with the WHO urging further studies be done on both diseases.

South African Corn Production and Imports To Increase

South Africa's commercial corn crop is estimated at 9.6 million tons for the 1995/96 season, up sharply from last year's outturn of only 4.4 million tons according to the first forecast of South Africa's National Crop Estimates Committee. The bigger crop reflects increased plantings and excellent rainfall. Area increased this season by 11 percent due to a sharp rise in white corn sowings following record prices at the end of 1995. Harvesting, which usually begins in April, will be delayed slightly as the crop will take longer to dry out this year due to heavy rains. USDA currently estimates total corn production at 10.5 million tons, up form 4.8 million tons in 1994/95. South African corn imports during marketing year 1995/96 (October-September) are projected at 500,000 tons compared to 425,000 tons last year. U.S. corn accounted for 20 percent of total South African corn imports last year.

...Market Updates

Canada Agrees to Resumption of U.S. Wheat through the St. Lawrence Seaway

Discussions held earlier this month with Canadian officials resulted in an agreement that allowed the continued movement of U.S. wheat through the St. Lawrence Seaway for export to third-country markets. Canada initially had imposed restrictions on all U.S. wheat moving into Canada or through Canadian facilities in response to the detection of the Karnal bunt fungus in the United States. The agreement called for the immediate resumption of in-transit shipments of non-durum wheat and durum wheat from outside the current quarantine areas in the United States. In-transit shipments are those shipments which either do not stop at Canadian ports or those that are simply topped-up with Canadian grain en route to third-country markets. For wheat that is transshipped through Canadian elevators, movement of durum is currently prohibited, although Canada has agreed to reassess its prohibition based on additional survey and sampling data to be provided by the United States. During the 1994/95 marketing season, 123,980 tons or about 11 percent of total U.S. durum exports were transshipped through Canadian facilities.

Following the recent discovery of very small amounts of Karnal bunt in Arizona, phytosanitary certificates for U.S. wheat exports to 21 countries listing Karnal bunt as a quarantine item could not be issued, thus putting export movement in jeopardy. Negotiations between USDA and importing officials, however, have prevented a significant break in export sales activity.

Mexico's Horticultural Trade Surplus with the U.S. Widens

Mexico's surplus in fresh fruit and vegetable trade with the United States surged to $1.4 billion in calendar year 1995. Prior to the devaluation of the Mexican peso in December 1994, U.S. fruit and vegetable exports to Mexico had been steadily expanding. Mexico was the fourth largest U.S. horticultural products export market in 1994. However, in 1995 overall U.S. exports of horticultural products to Mexico totaled only $307 million, down 41 percent from the previous year. U.S. imports of horticultural products from Mexico meanwhile approached $2.3 billion, up 20 percent from a year earlier.

U.S. exports of fresh fruits and vegetables to Mexico in 1995 were valued at nearly $93 million, down 56 percent from the preceding year. Apples fell 55 percent to $40 million and pears plunged 56 percent to $13 million. After surging to more than $20 million in 1994, table grape shipments fell back to just $10.5 million. U.S. shipments of fresh vegetables, led by tomatoes, declined overall by 62 percent to total $18.5 million. Shipments of non-fresh horticultural products, including hops and hop products, frozen french fries, almonds, pecans, cut flowers, and beer, fared less badly, falling just 31 percent to total $214 million.

U.S. imports of fresh fruits and vegetables from Mexico in 1995 reached $1.5 billion, up 23 percent from a year earlier. Seven commodities accounted for two thirds of the value of these imports (percent change from previous year in parenthesis): tomatoes ($406 million, +29 percent); onions ($116 million, +1 percent); peppers ($109 million, +12 percent); cucumbers ($108 million, +5 percent); mangoes ($100 million, 23 percent); grapes ($83 million, +78 percent); and squash ($72 million, +13 percent). Imports of non-fresh horticultural products topped $750 million, up 14 percent from 1994's level. Beer, frozen vegetables, prepared avocados, frozen orange juice concentrate, pecans, and cut roses were among the leading items. The outlook is for a gradual return to the upward trend for U.S. horticultural product exports and a slowdown in imports from Mexico. Continued market development and promotion activities under the Market Access Program will be critical to helping U.S. horticultural product sales rebound in the Mexican market.

ITC Initiates Section 201 Investigation of Tomato And Pepper Imports From Mexico

On March 22 the International Trade Commission (ITC) officially initiated a Section 201 investigation to determine whether fresh tomatoes and bell peppers are being imported into the United States from Mexico in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the U.S. domestic industry. The ITC investigation is in response to a petition filed on March 11 on behalf of the Florida vegetable industry. An affirmative finding from the ITC could result in relief measures including duties, tariffs, quotas, and adjustment assistance. If injury is found, the ITC will report its findings and recommendations for relief to the President on September 9, 1996. The President will have up to 60 days to accept, reject, or modify the ITC's recommendations.

Mexican Milk Prices Rise While Imports Fall

On March 18, Mexico's Secretariat of Commerce and Industrial Development (SECOFI) announced that the controlled retail price for 1-liter cartons of milk was being raised from 2.75 to 3.60 pesos (7.5 pesos = US$1.00). The 1-liter carton serves as the benchmark price for fresh milk. According to SECOFI, the price increase was necessary to restore economic health to the dairy industry which has been squeezed due to sharply higher input costs resulting from the devaluation of the Mexican peso. U.S. fluid milk exports to Mexico were only 17 million liters in 1995, down from 61 million in 1994. The instability of Mexico's peso is expected to continue to be a hindrance to imports of fluid milk.

Honduras Issues New Phytosanitary Rice Regulations

The Honduran Ministry of Natural Resources has issued new phytosanitary regulations for rice which will disrupt pending shipments if fully enforced. The new regulations which affect both milled and rough rice require a phytosanitary certificate stating that the rice is free of Tilletia Barclaya and was produced in areas free of this disease. Also, both inspection in Honduras and treatment with methyl bromide are required. Virtually all of Honduras' imports of rice are supplied by the United States. U.S. rice exports to Honduras in calendar year 1995 totaled 33,229 tons.

Egypt Eases Cotton Import Restrictions

Egypt will allow cotton imports from cotton growing areas other than California/Arizona, provided the areas are declared free of pests and diseases and provided the cotton undergoes rigorous vacuum fumigation. The new regulations are in response to increasing pressure to diversify cotton imports, to free more expensive longer staple domestic cotton for export, and to increase imports of medium staple cotton in an attempt to improve the profitability of the domestic textile industry.

For several years, the California/Arizona region has been the only production area in the world that could meet Egypt's strict fumigation requirements. However, recently other areas of the United States have been declared boll weevil-free, and vacuum fumigation chambers have been installed. Egypt's National Cotton Company claims to have already purchased 46,000 bales of short-staple cotton from the Tennessee area to be imported this year. Additionally, Egypt is exploring possibilities of importing from other countries. Reportedly, a vacuum fumigation chamber is being installed in Egypt for treatment of imported cotton upon arrival and an Egyptian inspection team is being sent to Syria, which also produces cotton compatible with Egyptian textile mill needs. These developments indicate a more competitive environment for U.S. cotton which currently enjoys a nearly 100 percent share of the Egyptian import market. U.S. upland cotton exports to Egypt in 1994/95 totaled 162,000 bales valued at $81 million. Egypt's cotton imports for 1995/96 are estimated at 300,000 bales.

Consumer Food Highlights

U.S. consumer food exports totaled $1.5 billion during January 1996, up 17 percent over the same month a year earlier. Fourteen of the 16 consumer food categories recorded increased exports, with red meat and poultry meat leading the way with gains of $90 million and $43 million, respectively. Export sales to Japan, the number one market for U.S. consumer-oriented foods, were up 23 percent at $387 million. Exports to Mexico also were up sharply indicating that this market may be poised to rebound from the adverse impact of the December 1994 devaluation of the peso. Exports to Canada, the number two market were up 4 percent, while shipment value to Hong Kong was down marginally.

U.S. exports of *fresh, frozen, and chilled red meat* in January totaled $340 million, up 32 percent over January 1996. Exports were led by a 45-percent in shipments to Japan. Japan continues to be the leading market, taking nearly two-thirds of total export value. Sales to Canada, Korea, and Mexico, three other top buyers, also rose, but at a more moderate pace. Big increases also occurred to the European Union, the Middle East, Eastern Europe, and Colombia. Across markets, ever-more competitive U.S. beef prices were key to expanded purchases.

U.S. *horticultural products* exports reached a record $9.0 billion in calendar year 1995, representing the eleventh consecutive year of increased sales. Strong performances in Canada, Japan, and the European Union boosted total export value. These markets accounted for nearly 70 percent of total horticultural export value last year. Major factors driving increased export sales include: the implementation of the Uruguay Round Agreement (especially tariff reductions), a general improvement in world economies, and the promotion of the U.S. horticultural products under the Market Promotion Program (renamed the Market Access Program under the 1996 Farm Bill).

Horticultural product exports have nearly doubled in the past five years, growing at a steady upward pace. The outlook is for this trend to continue in 1996.

Export value for *fresh fruit* in calendar 1995 reached a record $2.0 billion. Shipments in January 1996 were up marginally at $136 million compared to the same month a year earlier. Increased movement of grapes, pears, and oranges were offset by reduced sales of grapefruit and apples.

Fresh vegetable exports in January were off 22 percent to $79 million compared to January 1995. Sales to Canada, Japan, and Hong Kong declined. These three markets accounted for nearly 90 percent of total export value in 1995. Lower shipping volumes for onions and lettuce were largely responsible for the disappointing performance. Export sales in calendar year 1996 are forecast to exceed the record $1.1 billion recorded in calendar year 1995.

Export value for *fruit and vegetable juice* in January 1996 reached $43 million, up nearly 5 percent over January 1995. A particularly strong showing was turned in by Japan where export value rose 156 percent to $16 million. Sales of orange, grapefruit, and apple juice to Japan rose sharply.

Exports of *prepared and preserved fruit and vegetables* in January totaled $141 million, up nearly 5 percent over January 1995. Increased shipments of frozen french fries and canned vegetables were largely responsible for the overall increase in export value. Import demand for these products was particularly strong in Canada, the European Union. and Japan.

Wine and beer exports in January totaled $39 million, up 1 percent over January 1995. Increased exports to Canada, the United Kingdom, and Russia were largely offset by lower sales to Japan, Taiwan, and Hong Kong. Approximately 60 percent of total export value for this grouping consists of beer with the balance made up of wine.

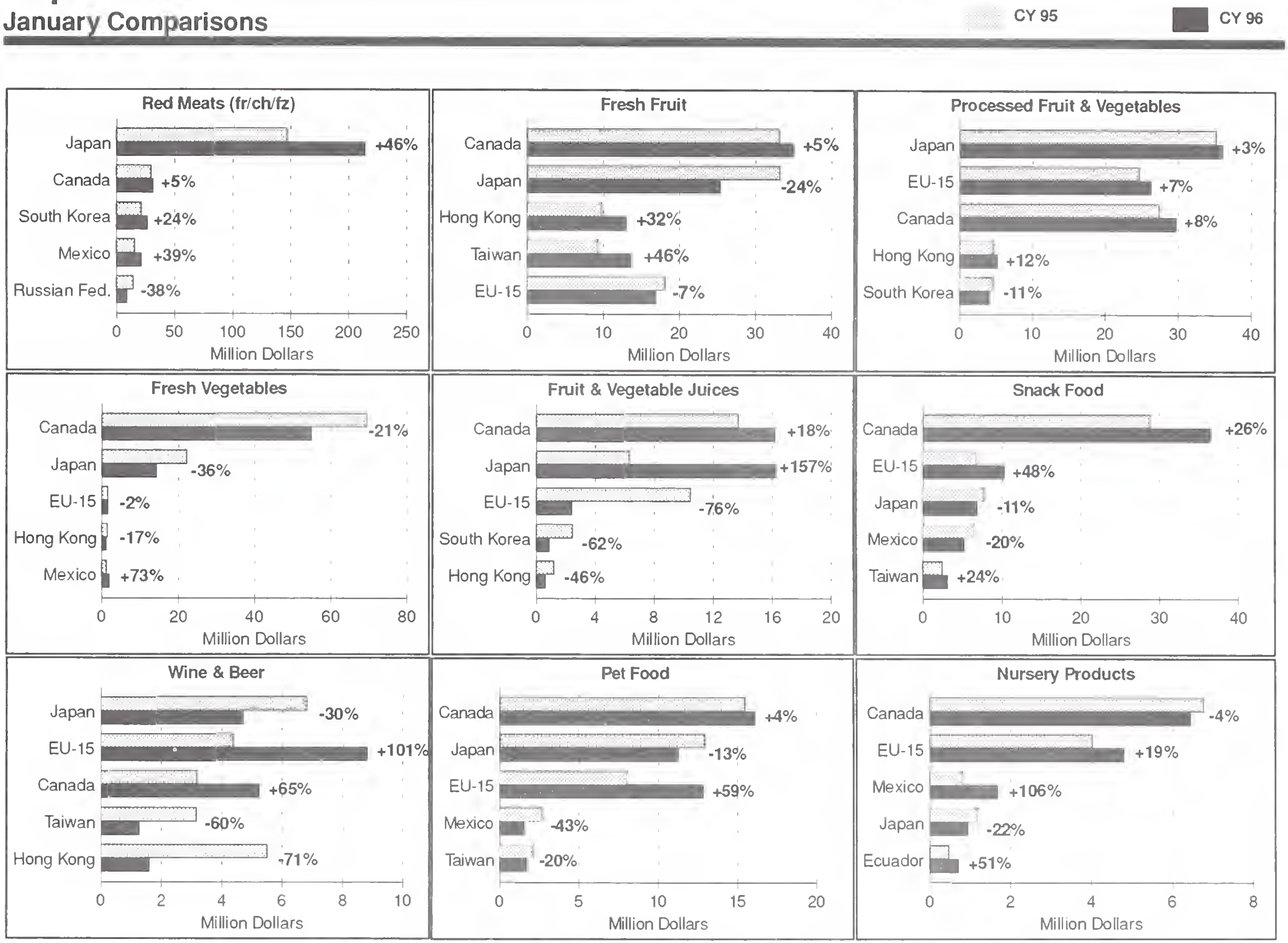
U..S. beer exports reached a record $413 million in calendar year 1995, up 21 percent over 1994 and more than double the value recorded in 1993. The largest and fastest growing markets are in Asia. An important factor in the increase in U.S. beer exports has been the saturation of the U.S. market. The Uruguay Round, NAFTA, and bilateral negotiations have helped reduce barriers to trade in several countries where trade opportunities had been limited.

Export value for *pet food* (dog and cat food) in January totaled $$51 million, up 8 percent over the same month a year earlier. Import demand for U.S. pet food continues to strengthen, with export value having risen over the past decade from $55 million to a record $630 million last year. Canada, traditionally has been the largest export market. Exports to Japan are on the upswing, with total export value last year reaching a record $175 million. Supported by USDA promotional funding, Japan, Taiwan, and Mexico have been targeted by the Pet Food Institute as emerging markets for sales of dog and cat food.

For more information, contact David Rosenbloom at (202) 720-2136

Top Five Markets for Selected U.S. Consumer Foods

January Comparisons



Notes: Percentages are computed as the change from 1995 to 1996. Countries are ranked from highest to lowest based on CY 1995 exports.

US Exports of Agricultural, Fish & Wood Products to All Countries

Calendar Years 1991 to 1996 and Year-to-Date Comparisons ($1,000)

Product	Calendar Years 1991	1992	1993	1994	1995	January 1995	1996	% Chg
Bulk Agricultural Total	18,348,386	19,687,248	18,593,458	18,951,466	26,018,597	2,209,051	3,038,916	37.6%
Wheat	3,292,138	4,449,324	4,664,582	4,056,007	5,447,333	389,458	542,500	39.3%
Coarse Grains	5,722,597	5,736,599	5,000,598	4,731,925	8,152,928	577,491	929,895	61.0%
Rice	753,557	726,072	771,312	1,010,548	997,833	84,912	77,101	-9.2%
Soybeans	3,956,443	4,380,402	4,598,746	4,330,427	5,400,038	542,543	812,354	49.7%
Cotton	2,491,999	2,010,338	1,540,678	2,676,263	3,713,889 *	402,693	509,300	26.5%
Tobacco	1,427,631	1,650,559 *	1,306,067	1,302,745	1,399,863	143,420	103,919	-27.5%
Pulses	268,414	191,656	213,254	280,649	264,153	18,224	16,142	-11.4%
Peanuts	180,304	240,308	204,576	187,552	266,243	20,565	16,369	-20.4%
Other Bulk Commodities	255,304	301,989	293,645	375,352	376,318	29,746	31,336	5.3%
Intermediate Agricultural Total	8,789,224	9,231,134	8,973,466	9,749,696	10,992,075 *	1,002,900	990,775	-1.2%
Wheat Flour	184,256	184,317	205,729	211,248	236,368	11,966	4,932	-58.8%
Soybean Meal	1,155,307	1,294,722	1,132,041	958,920	1,074,516	114,283	112,264	-1.8%
Soybean Oil	222,126	376,202	363,897	525,077	694,080	65,131	48,906	-24.9%
Other Vegetable Oils	418,144	502,732	543,897	671,187	921,440 *	84,453	109,284	29.4%
Feeds & Fodders (excl. pet foods)	1,605,732	1,722,327	1,744,163	1,738,454	1,902,403 *	162,730	189,823	16.6%
Live Animals	686,563 *	607,891	518,927	587,352	519,242	42,240	43,282	2.5%
Hides & Skins	1,357,570	1,326,054	1,268,658	1,507,616	1,727,629	151,101	118,633	-21.5%
Animal Fats	426,824	515,214	501,702	598,546	788,703 *	50,075	56,596	13.0%
Planting Seeds	671,655	675,011 *	619,359	648,614	666,360	106,949	116,702	9.1%
Sugars, Sweeteners & Bever. Bases	634,101	573,921	567,807	656,761	629,634	62,972	42,191	-33.0%
Other Intermediate Products	1,426,946	1,452,744	1,507,288	1,645,921	1,831,699 *	151,000	148,162	-1.9%
Consumer-Oriented Agricultural Total	11,967,920	13,895,994	14,911,316	16,988,134	18,787,618 *	1,255,820	1,469,828	17.0%
Snack Foods (excluding nuts)	633,040	829,679	1,024,643	1,101,668 *	1,049,207	73,293	88,126	20.2%
Breakfast Cereals & Pancake Mix	216,802	219,762	252,993	291,979 *	275,239	21,291	18,911	-11.2%
Red Meats, Chilled/Frozen	2,660,267	3,112,361	3,055,222	3,383,394	4,162,666 *	257,432	340,445	32.2%
Red Meats, Prepared/Preserved	165,101	181,562	220,038	253,621	283,988 *	16,482	22,972	39.4%
Poultry Meat	817,913	928,464	1,100,613	1,570,414	2,025,713 *	128,358	171,362	33.5%
Dairy Products	462,956	793,754	857,487 *	753,257	796,750	40,574	63,170	55.7%
Eggs & Products	143,367	139,234	139,438	164,653	170,719	9,892	14,156	43.1%
Fresh Fruit	1,561,053	1,683,344	1,707,147	1,953,767	1,972,864 *	134,979	136,946	1.5%
Fresh Vegetables	832,935	899,624	985,953	1,046,789	1,068,572 *	102,103	79,387	-22.2%
Processed Fruit & Vegetables	1,394,490	1,558,121	1,639,583	1,720,891	1,906,561 *	134,823	141,336	4.8%
Fruit & Vegetable Juices	385,414	461,017	469,517	543,013	659,043 *	41,813	43,828	4.8%
Tree Nuts	867,704	928,531	998,246	1,106,416	1,169,129 *	71,452	90,250	26.3%
Wine and Beer	315,756	369,181	379,301	532,735	648,681 *	38,548	39,009	1.2%
Nursery Products & Cut Flowers	201,442	201,321	209,397 *	197,985	193,300	14,524	15,454	6.4%
Pet Foods, Dog/Cat	329,772	399,630	497,621	577,943	630,237 *	47,242	50,971	7.9%
Other Consumer-Oriented Products	979,907	1,190,410	1,374,116	1,789,607 *	1,774,949	123,015	153,506	24.8%
Wood Products Total	6,429,179	6,741,685	7,281,313 *	7,085,787	7,245,897	541,067	575,355	6.3%
Logs	2,074,432	2,140,010	2,489,560 *	2,277,981	2,287,347	137,113	140,429	2.4%
Lumber	2,203,353	2,322,491	2,449,643 *	2,428,150	2,411,741	194,748	201,185	3.3%
Plywood & Panel Products	735,227	847,867	906,397	944,360	996,592 *	93,182	90,838	-2.5%
Other Wood Products	1,416,167	1,431,317	1,435,714	1,435,297	1,550,217 *	116,024	142,903	23.2%
Fish & Seafood Products Total (Edible)	3,035,383	3,353,935	2,959,086	3,002,265	3,138,220	121,107	117,182	-3.2%
Salmon, Whole/Eviscerated	436,975	681,663	583,060	518,413	545,283	6,366	8,447	32.7%
Salmon, Canned	133,644	154,401	160,416	161,577	174,946 *	16,189	7,922	-51.1%
Crab & Crabmeat	431,411	448,050 *	417,660	349,136	209,070	11,702	4,129	-64.7%
Surimi (fish paste)	N/A	367,627 *	274,322	318,850	353,433	2,927	2,223	-24.1%
Roe & Urchin	389,031	421,396	415,319	408,963	505,873 *	21,378	17,385	-18.7%
Other Edible Fish & Seafood Products	1,644,322 *	1,280,798	1,108,309	1,245,325	1,349,614	62,545	77,076	23.2%
Agricultural Product Total	39,105,530	42,814,376	42,478,240	45,689,296	55,798,290 *	4,467,771	5,499,519	23.1%
Agricultural, Fish & Wood Product Total	48,570,092	52,909,996	52,718,639	55,777,348	66,182,407 *	5,129,945	6,192,056	20.7%

Note: (*) Highest export level since at least 1970; N/A = not available; NA = not applicable.

U.S. Exports of Agricultural, Fish & Forest Products by Major Group

Monthly and Annual Performance Indicators

Export Values	January 1995	January 1996	Chg	October-January FY '95	October-January FY '96	Chg	Fiscal Year 1995	Fiscal Year 1996(f)	Chg
	-- $Billion --			-- $Billion --			--- $Billion ---		
Grains and Feeds 1/	1.383	1.900	37%	5.589	7.310	31%	17.637	21.0	19%
Wheat & Flour	0.401	0.547	36%	1.653	2.282	38%	5.201	6.7	29%
Rice	0.085	0.077	-9%	0.413	0.353	-15%	1.050	1.0	-5%
Coarse Grains 2/	0.577	0.930	61%	2.154	3.248	51%	7.411	8.7	17%
Corn	0.513	0.807	57%	1.887	2.865	52%	6.619	7.8	18%
Feeds & Fodders	0.210	0.241	15%	0.845	0.898	6%	2.511	3.0	19%
Oilseeds and Products	0.877	1.160	32%	3.566	3.832	7%	9.119	10.0	10%
Soybeans	0.543	0.812	50%	2.201	2.597	18%	5.274	6.3	19%
Soybean Cakes & Meals	0.114	0.112	-2%	0.390	0.383	-2%	1.079	1.3	20%
Soybean Oil	0.065	0.049	-25%	0.285	0.154	-46%	0.809	0.5	-38%
Other Vegetable Oils	0.084	0.109	29%	0.310	0.339	9%	0.918	N/A	N/A
Livestock Products	0.558	0.632	13%	2.514	2.752	9%	7.808	8.8	13%
Red Meats	0.257	0.342	33%	1.214	1.459	20%	4.044	4.7	16%
Hides, Skins & Furs	0.151	0.119	-21%	0.537	0.513	-5%	1.719	1.9	11%
Poultry Products	0.149	0.195	30%	0.726	0.909	25%	2.210	2.4	9%
Poultry Meat	0.127	0.170	34%	0.609	0.786	29%	1.867	N/A	N/A
Dairy Products	0.041	0.063	56%	0.242	0.254	5%	0.812	0.9	11%
Unmanufactured Tobacco	0.143	0.104	-28%	0.507	0.538	6%	1.329	1.4	5%
Cotton and Linters	0.403	0.509	26%	1.157	1.481	28%	3.496	2.7	-23%
Planting Seeds	0.107	0.117	9%	0.322	0.319	-1%	0.680	0.7	3%
Horticultural Products	0.643	0.677	5%	3.203	3.160	-1%	9.110	10.0	10%
Sugar & Tropical Products	0.163	0.141	-14%	0.687	0.646	-6%	1.940	2.1	8%
Forest Products 4/	0.541	0.575	6%	2.352	2.297	-2%	7.274	N/A	N/A
Fish and Seafood Products 4/	0.121	0.117	-3%	0.783	0.745	-5%	3.172	N/A	N/A
Total Agriculture	4.468	5.499	23%	18.514	21.200	15%	54.141	60.0	11%
Total Ag., Fish & Forest	5.130	6.192	21%	21.648	24.242	12%	64.587	N/A	N/A

Export Volumes	January 1995	January 1996	Chg	October-January FY '95	October-January FY '96	Chg	Fiscal Year 1995	Fiscal Year 1996(f)	Chg
	---- MMT----			---- MMT----			----- MMT-----		
Grains and Feeds 1/	9.666	10.416	8%	39.411	40.887	4%	118.626	N/A	N/A
Wheat	2.548	2.608	2%	11.070	11.362	3%	32.094	33.5	4%
Wheat Flour	0.052	0.015	-71%	0.296	0.147	-50%	1.184	1.0	-16%
Rice	0.293	0.214	-27%	1.554	0.987	-36%	3.767	3.2	-15%
Coarse Grains 2/	5.401	6.200	15%	21.148	23.072	9%	65.670	58.7	-11%
Corn	4.819	5.419	12%	18.520	20.493	11%	58.645	53.0	-10%
Feeds & Fodders	1.182	1.218	3%	4.481	4.448	-1%	13.483	13.8	2%
Oilseeds and Products	3.475	3.708	7%	13.973	12.852	-8%	34.050	30.9	-9%
Soybeans	2.431	2.889	19%	10.122	9.762	-4%	23.584	22.0	-7%
Soybean Cakes & Meals	0.694	0.490	-29%	2.194	1.785	-19%	6.094	5.3	-13%
Soybean Oil	0.099	0.086	-13%	0.445	0.254	-43%	1.216	0.8	-34%
Other Vegetable Oils	0.119	0.138	16%	0.439	0.463	5%	1.281	N/A	N/A
Livestock Products 3/	0.252	0.296	18%	1.180	1.235	5%	3.681	N/A	N/A
Red Meats	0.087	0.110	27%	0.390	0.460	18%	1.262	1.5	19%
Poultry Products 3/	0.133	0.169	27%	0.623	0.788	27%	1.943	N/A	N/A
Poultry Meat	0.131	0.166	27%	0.607	0.772	27%	1.901	2.2	16%
Dairy Products 3/	0.021	0.057	172%	0.123	0.184	50%	0.447	N/A	N/A
Unmanufactured Tobacco	0.021	0.017	-19%	0.074	0.082	11%	0.197	N/A	N/A
Cotton & Linters	0.253	0.286	13%	0.746	0.828	11%	2.068	1.7	-18%
Planting Seeds	0.063	0.093	49%	0.195	0.230	18%	0.541	N/A	N/A
Horticultural Products 3/	0.565	0.556	-2%	2.474	2.384	-4%	7.001	7.5	7%
Sugar & Tropical Products 3/	0.085	0.087	2%	0.365	0.375	3%	1.104	N/A	N/A
Total Agriculture 3/	14.534	15.685	8%	59.163	59.846	1%	169.660	161.6	-5%

Notes: 1/ Includes pulses, corn gluten feed and meal; 2/ Includes corn, oats, barley, rye and sorghum; 3/ Includes only those items measured in metric tons; 4/ Items not included in agricultural product totals. N/A = not available.

FY 1996 forecasts (f) are based on USDA's "Outlook for Agricultural Exports," published February 21, 1996.

U.S. Agricultural Export Value by Region

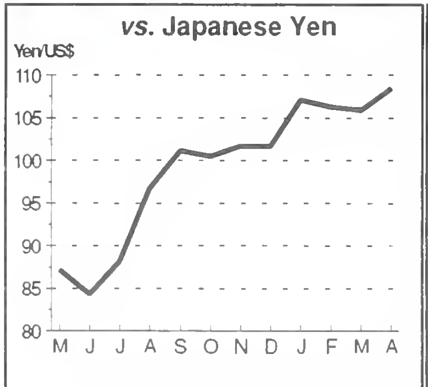
Monthly and Annual Performance Indicators

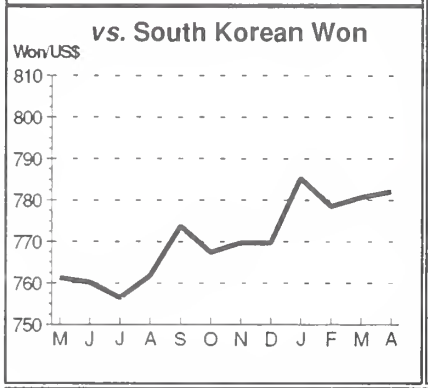
	January			October-January			Fiscal Year		
	1995	1996		FY '95	FY '96		1995	1996(f)	
	-- $Billion --		Chg	-- $Billion --		Chg	-- $Billion --		Chg
Western Europe	0.826	1.129	37%	3.391	3.837	13%	8.606	9.4	9%
European Union 1/	0.797	1.095	37%	3.255	3.704	14%	8.256	9.0	9%
Other Western Europe	0.029	0.035	19%	0.136	0.133	-2%	0.350	0.4	14%
Central & Eastern Europe	0.022	0.043	95%	0.127	0.154	21%	0.283	0.3	6%
Former Soviet Union	0.086	0.114	32%	0.347	0.549	58%	1.158	1.5	30%
Russian Federation	0.075	0.094	25%	0.270	0.409	51%	0.911	1.3	43%
Asia	1.984	2.386	20%	7.337	9.218	26%	23.979	27.7	16%
Japan	0.839	0.986	18%	3.279	3.936	20%	10.447	11.7	12%
China	0.218	0.207	-5%	0.511	0.721	41%	2.413	2.9	20%
Other East Asia	0.589	0.725	23%	2.380	2.793	17%	7.562	9.0	19%
Taiwan	0.171	0.291	70%	0.825	0.989	20%	2.552	2.8	10%
South Korea	0.316	0.333	6%	1.061	1.253	18%	3.576	4.6	29%
Hong Kong	0.102	0.101	-1%	0.490	0.551	12%	1.425	1.6	12%
Other Asia	0.338	0.467	38%	1.167	1.768	52%	3.558	4.1	15%
Pakistan	0.044	0.062	39%	0.138	0.217	57%	0.389	0.5	29%
Philippines	0.045	0.085	89%	0.201	0.319	59%	0.675	0.8	18%
Middle East	0.220	0.210	-5%	0.861	0.886	3%	2.404	2.7	12%
Israel	0.019	0.055	196%	0.135	0.201	49%	0.452	0.5	11%
Saudi Arabia	0.040	0.039	-1%	0.175	0.213	22%	0.479	0.5	4%
Africa	0.212	0.299	41%	1.022	1.117	9%	2.806	3.2	14%
North Africa	0.161	0.227	41%	0.760	0.795	5%	1.972	2.2	12%
Egypt	0.108	0.113	4%	0.498	0.517	4%	1.294	1.4	8%
Algeria	0.038	0.050	30%	0.176	0.136	-23%	0.440	0.5	14%
Sub-Saharan Africa	0.051	0.072	39%	0.262	0.322	23%	0.833	1.0	20%
Latin America	0.613	0.828	35%	3.053	3.088	1%	8.101	8.5	5%
Mexico	0.275	0.447	63%	1.442	1.434	-1%	3.700	3.8	3%
Other Latin America	0.339	0.381	12%	1.610	1.654	3%	4.401	4.7	7%
Brazil	0.058	0.030	-48%	0.380	0.201	-47%	0.638	0.6	-6%
Venezuela	0.034	0.033	-4%	0.143	0.123	-14%	0.493	0.5	1%
Canada	0.444	0.455	3%	1.993	1.906	-4%	5.830	6.1	5%
Oceania	0.059	0.036	-40%	0.241	0.154	-36%	0.563	0.6	7%
World Total	**4.468**	**5.500**	**23%**	**18.514**	**21.201**	**15%**	**54.143**	**60.0**	**11%**

Note: 1/ EU-15 includes the newest member states of Austria, Finland and Sweden.
FY 1996 forecasts (f) are based on USDA's "Outlook for U.S. Agricultural Exports," published February 21, 1996.

Value Of U.S. Dollar Against Major World Currencies

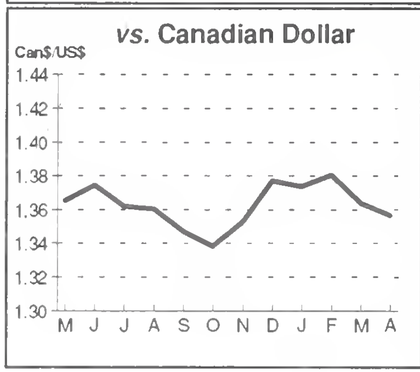
Daily Spot Quotations & Monthly Averages

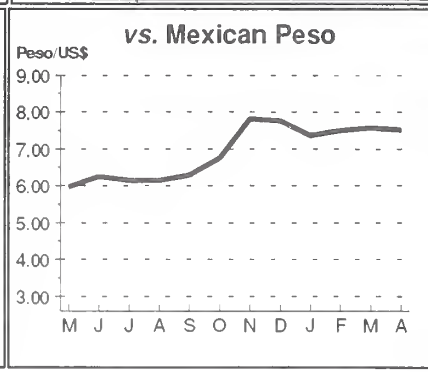


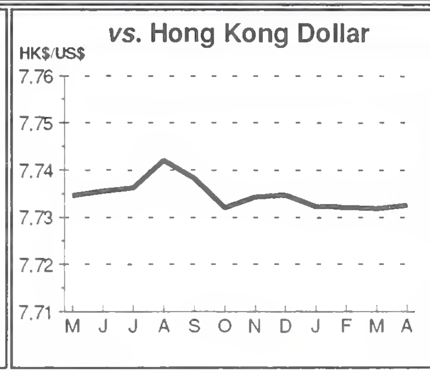


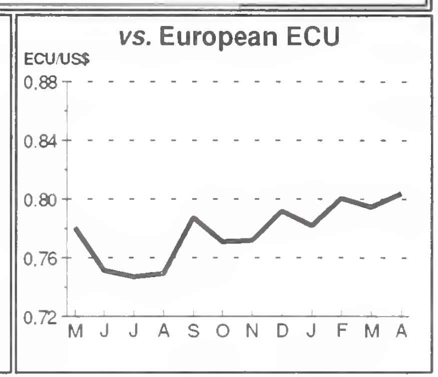
Currencies	Current Rate 4/11/96	Month Ago 3/11/96	Year Ago 4/95	% Change Year Ago 4/95
Argentine Peso	.9988	1.00	1.00	-0.12
Australian Dollar	1.2661	1.3240	1.3502	-6.23
Brazilian Real	.9850	.9833	.90	9.44
Canadian Dollar	1.3567	1.3657	1.3832	-1.92
Hong Kong Dollar	7.7325	7.325	7.7325	0.00
Japanese Yen	108.45	105.45	85.58	26.72
Mexican Peso	7.5125	7.600	6.2350	20.49
Taiwan Dollar	27.167	27.500	25.29	7.42
South Korean Won	782.05	780.75	768.85	1.72
European ECU	.80382	.80058	.76075	5.66
-British Pound	.6613	.6560	.6275	5.39
-French Franc	5.1025	5.0715	4.8850	4.45
-German Mark	1.5025	1.4815	1.4016	7.20

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, April 11, 1996.
Source: TEAD/ITP/FAS Exchange Rate Database and Wall Street Journal.









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